



Department of Energy

Washington, DC 20585

March 20, 2003

MEMORANDUM FOR DISTRIBUTION

FROM: HELEN O. SHERMAN, DIRECTOR *Helen O. Sherman*
OFFICE OF FINANCE AND ACCOUNTING POLICY

SUBJECT: CONTRACTOR PENSION OBLIGATIONS - FY 2003 PENSION
INFORMATION REQUEST

Note: This guidance has been exempted from Field Management Council review.

In the Department's continuing efforts to meet the requirements of the Government Management Reform Act of 1994 to prepare Departmentwide audited financial statements, we will continue to follow the requirements of Financial Accounting Standards Board (FASB), Statement No. 87, "Employers' Accounting for Pensions," of December 1985, for measuring and recognizing contractor pension obligations. In this regard, the requirements contained in the attached "Department of Energy Pension Benefit Plans, 2003 Fiscal Year Information Request," (information request) are applicable to any DOE contractor, whether or not a management and operating contractor, for which the Department has a continuing pension obligation. The completed information requests will be used in the development of pension accrual estimates and the data will be reviewed and compiled by Headquarters with the assistance of our contractual actuarial support in the development of yearend consolidated Departmental disclosures in accordance with the requirements of FASB Statement No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits," which supersedes the disclosure requirements of FASB Statement No. 87. **A copy of the information request should be forwarded to applicable contractors immediately to allow sufficient time to complete the required reporting schedules.**

The FY 2002 information request has been modified to clarify areas where contractors experienced the most difficulty in completing last year's requirements and the required standardized assumptions have been reviewed and updated as needed (e.g., **required discount rate selected is 6.5%**). To assist in the completion of this year's response, a checklist of required information to be provided in the initial submission has been included in Section E of the information request. Also, the FY 2003 information request provides, as attachments, a copy of any FY 2002 individual contractor memoranda developed by Jeff Rose of Buck Consultants, Inc. regarding any additional information requested as a result of the FY 2002 review process and applicable individual contractor disclosure sheets, "9/30/2002 Disclosure Information under FAS Statement No. 87." These disclosure sheets contain information needed for the completion of the FY 2003 information request. For example, the amount on Line D.5, "9/30/2002 Prepaid/(Accrued) Pension Benefit Cost," of the attached disclosure sheet(s) must be used on Table A-1, Line D.1, "Prepaid/(Accrued) Pension Cost at 9/30/2002," of the information request.



As required in previous information requests, the pension estimates must be developed by the contractors through the use of qualified actuarial support. In this regard, this year's information request requires additional information regarding the actuarial support completing the submission. Two (2) hard copies of the completed submissions should be forwarded to the Office of Financial Policy (ME-11) and one (1) hard copy to the new Headquarters consulting actuary, Chet Andrzejewski, Aon Consulting, Inc., 111 Market Place, Baltimore, Maryland 21202, by June 23, 2003. A diskette containing the attached reporting schedules and standardized assumptions has also been attached. One completed copy of the diskette using the prescribed formats (**Microsoft Word 97 and Microsoft Excel 97**) must be included with each contractor submission to ME-11 and to Aon Consulting, Inc. Any significant deviation from the information request requirements must be justified in writing and submitted to ME-11 for concurrence prior to processing the valuations. **Please note that due to the accelerated schedule for audited Departmental financial statements, it is imperative that the completed submissions and any additional yearend information be provided to ME-11 and to Headquarters consulting actuary on or before the due dates specified in the information request.**

Procedures established by the Office of Financial Control and Reporting shall be followed for recording the pension liability or asset. It should also be noted that adjustments to the accrual estimates may be required to reflect minimum liability requirements and as additional information becomes available by yearend (e.g., updated asset information on Table A-6 required by August 27, 2003).

Please forward the name, phone number, and fax number of a point of contact to ME-11 by March 31, 2003. If you or your staff should have any questions concerning this memorandum, please contact Michael Lynch of my staff on (202) 586-6894.

Attachments

DISTRIBUTION:

Thomas C. Foley, Acting CFO, Chicago Operations Office
Timothy A. Rea, Financial Program Manager, Golden Operations Office
Christine Ott, Chief Financial Officer, Idaho Operations Office
Wendy L. Miller, Director, Capital Accounting Center
Janet Hogler, Chief Financial Officer, National Energy Technology Laboratory
David Marks, Director, Office of Field Financial Management, National Nuclear Security Administration
Peter W. Greenwalt, Chief Financial Officer, Ohio Field Office
Judith M. Penry, Chief Financial Officer, Oak Ridge Operations Office
Gary A. White, Chief Financial Officer, Pittsburgh Naval Reactors Office
Philip Van Loan, Chief Financial Officer, DOE Rocky Flats--Rocky Flats Field Office
Jean F. Schwier, Assistant Manager, Administration, Richland Operations Office
Kevin Ensign, Acting Chief Financial Officer, Office of River Protection -- Richland Operations Office
William J. Leahy, Chief Financial Officer, Schenectady Naval Reactors (Thru: NE-60/Rm 4N06/NR)
Marvin T. Huntsman, Director, Planning & Financial Mgmt. Dvn., Strategic Petroleum Reserve Office
John Pescosolido, Chief Financial Officer, Savannah River Operations Office